

## **AMESBURY HOUSING REHABILITATION PROGRAM**

### **PROJECT DESCRIPTION**

#### **Project Scope:**

The Amesbury Housing Rehabilitation Program (AHRP) will operate on a city-wide basis and make 10 housing units safe and code-compliant. It will benefit an estimated 24 LMI residents, many of whom are elderly, children, or people with disabilities. Once an applicant is qualified, the program is designed to complete each rehabilitation project in three months.

#### **Funding Request:**

**\$444,000** (\$372,000 rehabilitation loans and \$72,000 program delivery)

#### **Maximum Per-unit Cost:**

The per-unit cap is \$35,000 which can be increased to \$40,000 for projects that involve lead paint abatement, barrier removal, septic repairs, asbestos abatement or historic preservation. The proposed budget for the AHRP assumed an average cost of \$31,000 per unit. Program participants are expected to contribute any required funding above the applicable per-unit cap. A waiver of the required owner contribution can be requested when the owner has insufficient assets and fails to qualify for a traditional bank loan. Waiver requests of the per-unit cap will be initially reviewed by the City's CDBG Planning Advisory Committee (PAC). If approved, the request will be forwarded to the Mayor for his review. If approved by the Mayor, the waiver request will be forwarded to DHCD for final approval. Investor owners are ineligible for waivers of required contributions.

#### **Project Background:**

Amesbury is a mid-sized community (17,218 in population)<sup>i</sup> in northern Essex County. Situated on the New Hampshire border at the crossroads of Interstates 495 and 95, Amesbury is both benefiting from and feeling the challenges of a growing regional economy, as evident in its low unemployment rate (2.9%)<sup>ii</sup> and modest median household income (\$78,638).<sup>iii</sup> But this historic mill city is balancing growth opportunities with the need to protect its housing options for an economically diverse population. Among all homeowners, 30.8% are cost-burdened (paying 30% or more of their income for housing)<sup>iv</sup>. Nearly 3 in 10 (29.4%) Amesbury residents are low- or moderate-income, and of those residents, 71.8% are cost-burdened. The area's most recent Community Action Survey reports that "affordable housing" is the second *greatest need* for community respondents, and the #1 need for 66.9% of LMI survey respondents.<sup>v</sup>

Amesbury has a long history of commitment to preserving its housing diversity. The city seeks to continue to protect its broad range of housing options, prices, and rents, in order to meet the needs of a variety of income levels and age groups. This is evidenced by the City's 10.5% Subsidized Housing Inventory and new funding commitment to update its current Housing Production Plan. Housing units that are affordable to lower and moderate income individuals are needed now as there are nearly 5,000 Amesbury-based jobs paying an average wage of \$48,000, which is approximately 50% of AMI for a family of four.<sup>vi</sup> People who work locally cannot afford housing in their own community - or any of the neighboring communities either.

The city's *relative* affordability, compared to neighboring towns, is seen in the growth of newcomers -- 67.8% of householders moved to their current home since 2000.<sup>vii</sup> Amesbury's housing stock is more affordable compared to surrounding towns because it is older and homes are modestly sized with a

median of 5.6 rooms per home.<sup>viii</sup> The median home value is \$359,000. Yet older homes need more maintenance, which lower income and cost burdened homeowners struggle to keep up with after paying the mortgage and property taxes. Renting in Amesbury, especially for families, can be more expensive than owning a home. Market-rate apartments in the city average \$1,330/month for a 1 bedroom and \$1,500 for a 2 bedroom; 3 bedroom rentals in Amesbury could not be found on-line.<sup>ix</sup> While a mortgage payment can be a better economic choice month-to-month than renting, it also means that there is no landlord to call when there is a problem. Amesbury seeks CDBG funds in order to offer LMI homeowners an alternative to seeking conventional financing for home repairs and as part of a larger strategy to preserve housing affordability for LMI households.

Amesbury believes that diverse housing options are an asset and integral component to its *own* vitality as well as the region's. Growth is happening in and around Amesbury. Between 2000 –2010, the city's net housing units grew by 7.6%; the surrounding communities' growth was: Merrimack 11.3%, Salisbury 9.5%, West Newbury 11.0%, and Newburyport 4.4%. Merrimack Valley's average was 7.9%.<sup>x</sup> Amesbury sees CDBG resources as an important and flexible tool in a larger, comprehensive, and long-term commitment to supporting LMI households' housing choice and affordability.

### **Local Prioritization**

Amesbury held a public hearing on February 5<sup>th</sup> to publicize the CDBG application and solicit community input. This FY19 CDBG application is a direct result of the City's desire to support affordable housing efforts in every way possible. The City is in the early years of addressing LMI households' need and demand for housing rehabilitation, both of which are evidenced by Amesbury homeowners quickly accessing the resources of the regional FY15 and FY16 HRP. The City is now poised to manage its own FY19 HRP and continue making meaningful inroads in addressing substandard housing conditions. Besides the public hearing, the Director of the Office of Community & Economic Development met with the CDBG Planning Advisory Committee (2/5/19) and the City Council (2/13/19) to ascertain their support and input regarding the City's social service and housing needs.

### **Program Management:**

Upon notice of grant award, the City will immediately procure the services of a grant consultant to manage the FY 2019 grant. The grant consultant will staff the Office of Community & Economic Development (OCED) with a Program Manager, Housing Rehabilitation Specialist, and Administrative Assistant/Bookkeeper. The Program Manager will work under the direction of Amesbury's OCED Director, who will function as the CD Director under the grant, and the Mayor to administer the grant and operate the program. The City of Amesbury has completed a FY15 Housing Rehabilitation Program and is currently processing Grant Close Out for the FY16 Housing Rehabilitation Program. Amesbury has developed clear and detailed Program Guidelines that define all operational aspects of the program, including forms, filing systems, and working relationships with other City staff in place which will allow the City to quickly start up a newly funded program. Amesbury has a designated depository account in place.

### **Rehabilitation Standards:**

The AHRP seeks to make long-term, code compliant home repairs that translate into safe and energy efficient living for the occupants, increased home value, and reduced utility costs and maintenance expenses for homeowners. The Program will correct code violations and other deficiencies in accordance with Housing Quality Standards (HQS), Article II of the Massachusetts Sanitary Code, and other applicable codes in residential buildings of up to four (4) units. Typical repairs indicated by

applicants on the waiting list include: roofing, electrical and plumbing upgrades, weatherization, structural repairs, lead paint and asbestos remediation and modifications for accessibility. When applicable, rehabilitation work will incorporate EnergyStar-rated materials.

### **Essential Elements of Each Project:**

Below is a list of the essential steps a housing rehabilitation case goes through, from opening a project to its completion. The items listed below essentially comprise the checklist used to organize each case file under the housing rehabilitation program.

#### **Application Process** (if newly filed application)

- Letter of Acknowledgement of Receipt of Application
- Supplemental Application if Multi-Unit Building
- “General Information Notice” (as applicable, to tenants)

#### **Opening a Case**

- Case Activation letter requesting income and proof of ownership documents
- “Notice of Non-Displacement” (as applicable, to tenants)
- Property Deed Check
- Status of Municipal Payments Check
- Environmental Checklist (Statutory Checklist)
- Floodplain Map Review
- Historic Preservation Review/SHPO Consultation Letter
- Owner Income Verification
- Eligibility Information letter

#### **Pre-Construction Documentation**

- Inspection Reports
- Before Photos
- Lead Paint Procedure Form and “Renovate Right” Guide distributed
- Lead Paint Inspection Report
- Work Specifications
- Cost Estimate
- “Anti-Displacement and Relocation” letter (as applicable, to tenants)
- Work Specification Approval/Authorization to Solicit Bids by Owner
- Invitation to Bid
- Bid Showing Attendance Sheet
- Bids Received
- Low bid award letter to contractors
- Owner Acceptance of Bid
- Notice to Building Inspector

#### **City-Owner Agreement Documentation**

- City-Owner Assistance Agreement
- Certificate Not to Encumber/Lien

#### **Construction Documentation**

- Contractor Licenses and Insurance Certificates
- Contractor Debarment Review (federal and state review)
- Owner-Contractor Agreement
- Notice to Proceed
- Contractor Payment Requests Field Inspection reports
- Lead Paint Clearance/Compliance report (to rental units as well, as applicable)
- Final Inspection
- Satisfactory Completion Form
- Warranty and Release of Liens
- Subcontractor List Form
- Signed Building Permits
- After photos
- Final Payment

## **Post-Construction Documentation**

- Lien mailed to Registry of Deeds
- Program Exit Survey

Amesbury will provide 0% deferred payment loans that are forgiven after 15 years unless the property is sold, transferred or refinanced in a manner that conflicts with the program guidelines. CDBG loans will be secured using a mortgage recorded at the Essex County Registry of Deeds.

## **Eligibility and Types of Assistance:**

Eligibility: One-unit properties must be occupied by LMI persons in order to be eligible to participate in the program. Multi-unit properties must have at least 51% LMI units (50% in a duplex) in order to be eligible to participate in the program. To ensure the National Objective is satisfied, each household's income will be verified according to the income verification and documentation standards defined in the MA CDBG Implementation Manual.

## **Amesbury provides the following assistance per its Program Guidelines:**

100% Deferred Payment Loans: Property owners are eligible for a DPL of 100% of the project costs, up to the per-unit cap.

## **Unit Affordability:**

Owners of rental units will be required to execute a "Rental Agreement" that ensures the housing units will remain affordable and available to low- and moderate-income households for a period of fifteen (15) years upon completion of rehabilitation. Rents in tenant occupied units will be limited to the maximum of the pre-project rent, the HUD Section 8 Program FMR limits or High HOME rents, whichever is lowest. Owner-occupied properties with more than four dwelling units and investor-owned properties are required to execute an Affordable Housing Restriction (AHR) agreement in order to receive assistance. The AHR includes language restricting rent levels in low- and moderate-income units for a minimum of 15 years and is recorded at the Registry of Deeds. The AHR runs with the land and the terms are transferred to a new property owner should the property be sold or transferred during the term of the AHR.

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<sup>i</sup> 2017 American Community Survey, Five Year Estimate, DP05, Demographic and Housing Estimates

<sup>ii</sup> <http://www.mass.gov/lwd/economic-data/labor-force/labor-forceunemployment-rates.html> (February 12, 2018)

<sup>iii</sup> 2017 American Community Survey, Five Year Estimate, File DP03, Selected Economic Characteristics.

<sup>iv</sup> 2017 American Community Survey, Five Year Estimate, File B25036, Tenure by Year Structure Built

<sup>v</sup> Community Assessment and Strategic, FY2018-2020, four communities surveyed: Amesbury, Newburyport, Haverhill, and Salisbury, p27.

<sup>vi</sup> Mass.Gov, <http://lmi2.detma.org/lmi>, Employment and Wage Report

<sup>vii</sup> 2017 American Community Survey, Five Year Estimate, File DP04, Selected Housing

<sup>viii</sup> 2017 American Community Survey, Five Year Estimate, File DP04, Selected Housing

<sup>ix</sup> Craigslist.org, rent.com, and apartmentguide.com searches (February 15, 2019)

<sup>x</sup> 2015 Merrimack Valley Priority Growth Strategy (update), MVPC, p9.